

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 2312

INTRODUCER: Senator Sebesta

SUBJECT: County Transportation System Surtax

DATE: March 22, 2006

REVISED: 3/28/06

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|-------------------|
| 1. | Eichin | Meyer | TR | Fav/ 3 amendments |
| 2. | | | CA | |
| 3. | | | GE | |
| 4. | | | TA | |
| 5. | | | | |
| 6. | | | | |

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

This bill modifies the Charter County Transit System Surtax. Among its significant provisions, the bill:

- Renames the surtax as the County Transportation System Surtax.
- Allows all counties to levy the surtax upon a majority vote of the county commission or by referendum.
- Expands the allowable uses of the revenues raised by the surtax to include funding:
 - A regional transportation project identified in regional plans, pursuant to s. 339.155(5), F.S.;
 - As the local match for the new Transportation Regional Incentive Program, pursuant to s. 339.2819, F.S.;
 - Certain capital improvement projects and long-term concurrency management projects identified in local comprehensive plans; and
 - Bicycle and pedestrian paths.
- Provides a formula for counties to share the proceeds with the municipalities within the county.

This bill substantially amends section 212.055 of the Florida Statutes.

II. Present Situation:

Discretionary Sales Surtaxes

Seven different types of local discretionary sales surtaxes (also referred to as local option sales taxes) are currently authorized in law and represent potential revenue sources for county and municipal governments and school districts. The local discretionary sales surtaxes apply to all transactions subject to the state tax imposed on sales, uses, services, rentals, admissions, and other authorized transactions authorized in ch. 212, F.S., and communications services as defined for purposes of ch. 202, F.S. Discretionary sales surtaxes must be collected when the transaction occurs in or delivery is into a county imposing the surtax, and the sale is subject to state's sales and use tax.

Discretionary sales surtaxes apply to the first \$5,000 of any single taxable item, when sold to the same purchaser at the same time. Single items include items normally sold in bulk and items assembled to comprise a working unit. The \$5,000 limitation does not apply to the rental of commercial real property, transient rentals, or services. With regard to the sale of motor vehicles, mobile homes, boats, or aircraft, the surtax applies only to the first \$5,000 of the total sales price. On the sale of a motor vehicle or mobile home, the tax rate is determined by the county where the purchaser resides as shown on the title or registration. On the sale of a boat or aircraft, the tax rate is determined by the county where the boat or aircraft is delivered.

The administrative procedures relevant to local discretionary sales surtaxes are outlined in s. 212.054, F.S. The Department of Revenue (DOR) is charged with administering, collecting, and enforcing those local discretionary sales surtaxes. The governing body of any county levying a local discretionary sales surtax shall enact an ordinance levying a surtax in accordance with the procedures described in s. 125.66(2), F.S. The proceeds of each county's discretionary sales surtax collections are transferred to the Discretionary Sales Surtax Clearing Trust Fund [hereinafter, the Trust Fund]. A separate account in the Trust Fund shall be established for each county imposing a surtax. The DOR is authorized to take an administrative cost deduction not to exceed 3 percent of the total surtax revenue generated by all levying counties. The administrative cost deduction shall be used only for those costs solely and directly attributable to the surtax, and the costs shall be prorated among those counties levying the surtax on the basis of the amount collected for a particular county to the total amount collected for all counties.

Charter County Transit System Surtax

The Charter County Transit System Surtax, was created by the Legislature in 1976 to allow charter counties to levy a maximum 1 percent sales surtax to finance development, construction, and operation of fixed guideway, rapid transit systems. Subsequent amendments to the statute expanded the permitted use of the revenues to finance additional types of transportation infrastructure in addition to fixed guideway systems, including:

- operation and maintenance of bus systems
- development, construction, operation, or maintenance of roads or bridges
- expressway or transportation authorities, or
- pledged to bonds for road or bridge construction.

Under current law, the surtax may only be levied upon approval of a majority of the county electorate. Only counties which have adopted a charter prior to January 1, 1984, may seek to

levy the surtax. Seven counties are eligible to levy the surtax: Broward, Duval, Hillsborough, Miami-Dade, Pinellas, Sarasota and Volusia. Only two counties have levied the surtax: Duval since 1989 and Miami-Dade since 2003. Each county levies a half-cent sales surtax. According to the DOR, in FY 2005 the surtax in those two counties generated \$ 211,204,032.

Some county and city officials in recent years have expressed an interest in having the surtax eligibility broadened beyond charter counties. They have cited rising costs of transportation construction materials and labor, the state's new emphasis on regional transportation solutions, and required local matches for new state transportation funding programs such as the Transportation Regional Incentive Program (TRIP) as reasons they support broadening the surtax.

III. Effect of Proposed Changes:

SB 2312 amends s. 212.055(1), F.S., to rename the Charter County Transit System Surtax as the "County Transportation System Surtax." The bill deletes provisions limiting eligibility to only certain charter counties, expanding eligibility to all counties. The bill provides the surtax may be levied upon an affirmative vote of a majority of the county's governing board (e.g., the Board of County Commissioners) as well as by referendum.

The bill also enables counties to share the revenues with municipalities using a process established by interlocal agreement, or in the absence of an interlocal agreement, through a distribution formula included in the bill. The formula apportions the revenues using equally weighted proportions of population in the counties and cities and centerline miles of roads owned and maintained by the counties and cities. Charter counties having adopted the surtax prior to July 1, 2006, are not required to distribute the revenues as prescribed in the formula. Counties chartered prior to January 1, 1984, as well as counties with consolidated city-county governments, adopting the surtax on or after July 1, 2006, are not required to distribute the revenues as prescribed in the formula.

The bill also expands the allowable uses of surtax revenues' to include funding:

- A regional transportation project identified in regional plans by M.P.O.'s, pursuant to s. 339.155(5), F.S.;
- As the local match for the new Transportation Regional Incentive Program, pursuant to s. 339.2819, F.S., or the New Starts transit program, pursuant to s. 341.051, F.S.;
- Certain capital improvement projects and long-term concurrency management projects identified in local comprehensive plans; and
- Bicycle and pedestrian paths.

The bill takes effect July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Should a county approve the County Transportation System Surtax, consumers in that county would pay an additional tax of up to one percent on the first \$5000 of a large number of goods and services.

C. Government Sector Impact:

Should the County Transportation System Surtax be levied in every county at the maximum rate of 1 percent, revenues raised statewide would equal an estimated \$2,912,858,632. Individual estimates for counties levying the surtax are shown in the following table:

| Estimated Revenues (\$) from 1% Local Sales Tax Based on Local Fiscal Year Ending Sept. 30, 2006 | | | |
|--|-------------|-------------|-------------|
| ALACHUA | 35,902,742 | LEE | 106,773,637 |
| BAKER | 1,454,975 | LEON | 38,851,560 |
| BAY | 29,510,485 | LEVY | 3,149,204 |
| BRADFORD | 1,850,849 | LIBERTY | 245,507 |
| BREVARD | 69,633,423 | MADISON | 890,459 |
| BROWARD | 279,390,253 | MANATEE | 47,345,172 |
| CALHOUN | 654,449 | MARION | 44,066,838 |
| CHARLOTTE | 25,322,645 | MARTIN | 28,329,748 |
| CITRUS | 12,276,285 | MIAMI-DADE | 356,314,045 |
| CLAY | 18,482,779 | MONROE | 26,155,200 |
| COLLIER | 64,714,314 | NASSAU | 7,359,886 |
| COLUMBIA | 7,542,107 | OKALOOSA | 35,065,692 |
| DE SOTO | 2,553,814 | OKEECHOBEE | 5,055,158 |
| DIXIE | 817,426 | ORANGE | 326,260,793 |
| DUVAL | 142,337,281 | OSCEOLA | 38,873,008 |
| ESCAMBIA | 46,839,882 | PALM BEACH | 239,446,012 |
| FLAGLER | 8,016,804 | PASCO | 41,561,064 |
| FRANKLIN | 1,571,466 | PINELLAS | 133,759,578 |
| GADSDEN | 2,791,983 | POLK | 71,379,643 |
| GILCHRIST | 551,651 | PUTNAM | 5,838,763 |
| GLADES | 350,983 | SAINT JOHNS | 22,779,219 |

| Estimated Revenues (\$) from 1% Local Sales Tax Based on Local Fiscal Year Ending Sept. 30, 2006 | | | |
|---|-------------|------------------|----------------------|
| GULF | 1,040,088 | SAINT LUCIE | 29,518,916 |
| HAMILTON | 546,403 | SANTA ROSA | 12,556,528 |
| HARDEE | 1,766,491 | SARASOTA | 68,710,911 |
| HENDRY | 3,160,307 | SEMINOLE | 68,078,347 |
| HERNANDO | 14,355,450 | SUMTER | 6,093,389 |
| HIGHLANDS | 11,134,257 | SUWANNEE | 3,036,663 |
| HILLSBOROUGH | 206,627,031 | TAYLOR | 1,921,778 |
| HOLMES | 737,827 | UNION | 502,033 |
| INDIAN RIVER | 23,607,270 | VOLUSIA | 75,309,416 |
| JACKSON | 4,358,839 | WAKULLA | 1,502,051 |
| JEFFERSON | 421,802 | WALTON | 10,926,497 |
| LAFAYETTE | 290,917 | WASHINGTON | 1,593,215 |
| LAKE | 32,995,421 | STATEWIDE | 2,912,858,632 |

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

VIII. Summary of Amendments:

Barcode 084530 by Transportation. This amendment removes the provisions allowing the surtax to be approved by majority vote of the county commission. This amendment allows the surtax to be levied only by an ordinance passed by the county commission which must be approved by countywide referendum.

Barcode 743336 by Transportation. This amendment corrects contradictory technical language relating to roadway mileage as used in the revenue-sharing formula.

Barcode 243358 by Transportation. This amendment adds the New Starts Transit Program as provided in s. 341.051, F.S., to the list of allowable uses of the County Transportation System Surtax.

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